

INITIAL STATEMENT OF REASONS

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

The California Work Opportunity and Responsibility to Kids (CalWORKs) program provides cash aid and other benefits to the state's needy families. To qualify for the program, a family's total net nonexempt income must be below a certain dollar amount. In calculating that net income, a portion of earned income is disregarded.

Senate Bill (SB) 72 (Chapter 8, Statutes of 2011) amended the Welfare and Institutions Code to revise the method used in determining the amount of the disregarded earned income. The Manual of Policies and Procedures (MPP) Sections 44-111.23 and 44-113.215 are being amended to mirror changes made to the Earned Income Disregard (EID) implemented by SB 72. The MPP contains several handbook sections with examples of application of the income disregards in determining eligibility and aid payment levels. These handbook sections and examples are being updated with the revised method for calculating net income based upon Welfare and Institutions Code Section 11451.5, the applicable current Maximum Aid Payment (MAP) levels in Welfare and Institutions Code Sections 11450 and 11453(c)(6), and the Minimum Basic Standard of Adequate Care (MBSAC) levels as determined per Welfare and Institutions Code Section 11453.

Handbook Section 40-105.4(g)(1)(A)Specific Purpose:

This handbook section provides examples on how to calculate the grant when financial penalties are being applied if the caretaker relative fails to follow immunization requirements for children and cooperate with establishing paternity. The computations have been updated to reflect the revised EID and the current MAP level. The change in MAP and MBSAC amounts were not a result of SB 72; these amounts have changed since the handbook example was last updated.

Factual Basis:

This handbook section has been updated with the revised method for calculating the EID based on Welfare and Institutions Code Sections 11451.5. The current MAP levels are based on Welfare and Institutions Code Sections 11450, and 11453(c)(6), and MBSAC levels as determined per Welfare and Institutions Code Section 11453.

Section 44-111.23 et seq.

Specific Purpose:

This section is being amended to specify, in text and numerically, the method for disregarding portions of disability-based and earned income when determining the Net Nonexempt Income (NNI) to be used when calculating a CalWORKs family's cash aid.

Factual Basis:

These amendments are necessary to correctly describe the method of determining NNI for purposes of calculating the correct amount of aid. Welfare and Institutions Code Section 11451.5 was amended by SB 72 to revise the process used in the CalWORKs program in disregarding certain income available to CalWORKs families when their financial eligibility and aid payment levels are determined. That process is detailed in the revised regulation.

Section 44-113.215(QR)

Specific Purpose:

This section is being amended to specify, in text and numerically, the method for disregarding any remainder of the disability-based income disregard to portions of reasonably anticipated earned income from self-employment when determining the NNI to be used when calculating a CalWORKs family's cash aid.

Factual Basis:

The amendment to this section is necessary to correctly reflect the method of determining NNI for purposes of calculating the correct amount of aid. Welfare and Institutions Code Section 11451.5 was amended by SB 72 to revise the process used in the CalWORKs program in disregarding certain income available to CalWORKs families when their financial eligibility and aid payment levels are determined.

Handbook Section 44-113.22(QR)

Specific Purpose:

This handbook section is being amended to reflect the changes made to the EID in Section 44-111.231 (QR). Section 44-113 is the section of the Manual that specifies a step-by-step process for determining net income for CalWORKs clients. This handbook section being modified uses a scenario with a given set of circumstances for a CalWORKs family with earned income only and applies the EID to that scenario. The text and figures have been adjusted to reflect the changes to the EID.

Factual Basis:

This handbook section has been updated with the revised method for calculating the EID, based on Welfare and Institutions Code Section 11451.5.

Handbook Section 44-133.54(QR)

Specific Purpose:

This handbook section includes examples of grant calculations for people who reside in the family home but are excluded from the AU when the cash aid amount is determined. The examples in the handbook section have been updated with the revised EID and MAP levels.

Factual Basis:

This handbook section has been updated with the revised method for calculating the EID based on Welfare and Institutions Code Sections 11451.5. The current MAP levels are based on Welfare and Institutions Code Sections 11450, and 11453(c)(6), and MBSAC levels as determined per Welfare and Institutions Code Section 11453.

Handbook Section 44-315.39(QR)

Specific Purpose:

This handbook section includes examples of computations for varying scenarios for varying family size and stable versus variable income. The examples have been updated with the revised EID and current MAP levels. The change in MAP and MBSAC amounts were not a result of SB 72; these amounts have changed since the handbook example was last updated.

Factual Basis:

This handbook section has been updated with the revised method for calculating the EID based on Welfare and Institutions Code Sections 11451.5. The current MAP levels are based on Welfare and Institutions Code Sections 11450, and 11453(c)(6), and MBSAC levels as determined per Welfare and Institutions Code Section 11453.

Handbook Section 89-201.513(a) (QR)

Specific Purpose:

This handbook section includes the revised EID and MAP levels in the grant calculations for an Assistance Unit (AU) that includes a minor parent and senior parent when the senior parent has earned income. The change in MAP and MBSAC amounts were not a result of SB 72; these amounts have changed since the handbook example was last updated.

Factual Basis:

This handbook section has been updated with the revised method for calculating the EID, the current MAP levels based on Welfare and Institutions Code Sections 11450, 11451.5 and 11453(c)(6), and MBSAC levels as determined per Welfare and Institutions Code Section 11453.

- b) Identification of Documents Upon Which Department Is Relying
SB 72 (Chapter 8, Statutes of 2011), Sections 21 and 23 through 25.

- c) Local Mandate Statement

These regulations do impose a mandate on local agencies, but not on school districts. If the Commission on State Mandates determines that these regulations contain reimbursable costs mandated by the state, reimbursement to local agencies for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

- d) Statement of Alternatives Considered

In developing the regulatory action, CDSS did not consider any other alternatives than the one proposed because there were no other alternatives proposed.

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

- e) Statement of Significant Adverse Economic Impact On Business

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made because this regulatory action only affects CalWORKs recipients who qualify for Earned Income Disregards.

- f) Economic Impact Assessment

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California because this regulatory action only affects CalWORKs program participants who qualify for Earned Income Disregards.

The benefits of the regulatory action to the health and welfare of California residents, worker safety, and the state's environment are as follows:

- This regulatory action allows counties more effective utilization of limited resources for CalWORKs services and provides counties additional flexibility to address funding constraints due to the continued reduction to the State General Fund and the CalWORKs single allocation.

The document relied upon in proposing this regulatory action is SB 72 (Chapter, 8, Statutes of 2011), Sections 21, 23 through 25.

g) Benefits Anticipated from Regulatory Action

This regulatory action will allow counties, and in turn CDSS, to address funding constraints due to the continued reduction to the State General Fund and the CalWORKs single allocation.

h) Statement of Specific Technology or Equipment

This regulatory action will not mandate the use of new, specific technologies or equipment.